

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 31, 2020

For details call: (204)235-2237 or visit www.hamsmarketing.ca

Forward contract prices opened higher this morning. US cash markets are mixed for the last marketing day of 2020 with the negotiated WCB region down \$0.04 USD/cwt, National up \$0.44, and the National cutout-adjusted base \$0.27 higher relative to the previous day. Weekly base pricing for the current marketing week on balance will reflect the averages when calculated later this afternoon and published on Monday. All regions are presently within 4% of the weekly base when comparing daily values against the benchmark. Lean hog futures are notably higher in the early morning trade. The rally, which is seeing a \$2.50 move in the nearby contract (February) and a \$1.70 move higher in April was spurred on by this morning's weekly Export Sales report which showed 46,300 MT in new net sales for the 2021 marketing year. Of that, China committed to 22,700MT - to put that in perspective, last week's new net sales number for the 2021 marketing year came in at 23,372 for all regions. Physical deliveries are maintaining a pace of approximately 40,000 MT (39,350 MT for the reporting period) and drawing down from historically high outstanding commitments. Sustained physical deliveries and strong new net sales numbers combined will drive the futures market especially if supplies become somewhat restricted and the most recent Hogs and Pigs report implies further out. And while follow through buying in the export markets will be key to maintain a supportive tone (all else equal), it is nonetheless a positive note to end what has been an exceptionally challenging year.

h@ms Marketing would like to wish all producers and industry partners a safe and happy New Year Eve along with best wishes for a prosperous 2021.

US soymeal futures opened higher this morning. US soybean futures closed above \$13.00 USC/bu for the first time since 2014 yesterday and the follow through buying continues. Contracts out to May are presently above \$13. More support comes from this morning's export sales report which showed a record high 2.438 MMT in weekly deliveries for the reporting period. New marketing year commitments of over 300,000MT appear less impressive at first glance, but it is notably higher than the typical pace. Current year new commitments at 695,398 MT are 97% higher than week ago and buck the trend which typically sees a lower volume in the final marketing week of the year

US corn futures opened higher this morning. US corn futures are making a run toward \$5.00 USD/bu with the nearby contract now only \$0.20 away. A surprise announcement yesterday by the Argentine government halting export sales of corn until the beginning of March helped to support. Physical exports of over 1.339 MMT represent a marketing year high in this morning's export sales report. New net sales of 964,500 MT which is up 48% over week-ago but lower than the 1.3 MMT average over the past six weeks.

US Slaughter	
472,000	Wednesday
0	Year Ago
Daily Prices	
WCB	\$50.04
National	\$63.27
Nat'l Cutout Adj	\$65.39
Signature 4	\$143.40
BP4/TCP4	\$143.40
HyLife Cash	\$152.73
HyLife Cutout	\$157.83
BoC Rate (Noon) prev. day \$1.2769 CAD / \$0.7831 USD	
Cash Prices Week Ending December 26, 2020	
Signature 4	147.54/66.92
h@ms Cash	145.54/66.92
HyLife Cash	155.79/70.67
HyLife Cutout	156.32/70.91
BP4/TCP4	151.56/68.75
OlyWest 2020	145.55/66.02
OlyWest 2021 (Cutout)	160.70/72.89
2020 Top-Up (YTD Rolling Est.) \$17.16 CAD/ckg	
ISO Weans \$47.00 US Avg.	
Feeder Pigs \$59.70 US Avg.	

FC Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Maple Leaf Sig 4		151.78 154.71	150.38 156.25	158.28 164.15	162.68 173.97	176.45 184.81	181.78 185.26	176.25 186.63	158.24 167.04
Soymeal Del Wpg/S.Man	n/a								

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Headingley Main Office	h@ms Holiday Schedule 2020/2021	Risk Management (all times Central)
Closed	Thursday, December 24	Closed
Closed	Friday, December 25	Closed
OPEN	Monday, Dec. 28 to Thursday, Dec. 31	OPEN
Closed	Friday, January 1	Closed